

Appendix N: Funding Sources



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Acquiring funding for projects and programs is considerably more likely if it can be leveraged with a variety of local, state, federal, and private sources. This section identifies existing and potential matching funding sources available for bicycle projects and programs as well as their associated criteria. Several of these sources, such as Transportation Enhancement (TE) grants are already used by Milwaukee. Potential revenue sources that do not require a match and can be implemented and managed at the local level are discussed at the end of this section.

Federal Funding Sources

Federal funding is primarily distributed through a number of different programs established by the Federal Transportation Act. The latest act, The Safe, Accountable, Flexible, Efficient Transportation Equity Act – a Legacy for Users (SAFETEA-LU) was enacted in August 2005 as Public Law 109-59. SAFETEA-LU authorizes the Federal surface transportation programs for highways, highway safety, and transit for the five-year period 2005-2009.

In Wisconsin, federal funding is administered through the State (WisDOT). Most, but not all, of these funding programs are oriented toward transportation versus recreation, with an emphasis on reducing auto trips and providing inter-modal connections. Federal funding is intended for capital improvements and safety and education programs, and projects must relate to the surface transportation system.



Biking and walking to school is popular with Cooper Elementary School students

H.R. 1, The American Recovery And Reinvestment Act Of 2009

The *American Recovery and Reinvestment Act* is commonly referred to as the ‘Stimulus Bill’ and was signed into law on February 13, 2009. The Act provides \$64.1 billion for transportation and infrastructure investment “to enhance the safety, security and efficiency of our highway, transit, rail, aviation, environmental, inland waterways, public buildings and maritime transportation infrastructure.”

Local governments can use highway program funds for projects eligible for Surface Transportation Program funding (described later), including bicycle and pedestrian infrastructure. In addition, three percent or \$10 million of the highway program funds are allocated to Transportation Enhancements (TE), including bicycle and pedestrian infrastructure. These funds will be administered through the TE committee and will go through TE or similar grant processes.

SAFETEA-LU

There are a number of programs identified within SAFETEA-LU that provide for the funding of bicycle and pedestrian projects, described in the following section.

Surface Transportation Program (STP)

The Surface Transportation Program provides states with flexible funds which may be used for a wide variety of projects on any federal-aid highway including the National Highway System, bridges on any public road,



Portions of the Oak Leaf Trail are of substandard width and need pavement repairs



The Santa Rampage promotes cycling when many residents may not think about riding

and transit facilities.

Bicycle and pedestrian improvements are eligible activities under the STP. This covers a wide variety of projects such as on-street facilities, off-road trails, sidewalks, crosswalks, bicycle and pedestrian signals, bike parking, and other ancillary facilities. SAFETEA-LU also specifically clarifies that the modification of sidewalks to comply with *Americans with Disabilities Act* requirements is an eligible activity.

As an exception to the general rule described above, STP-funded bicycle and pedestrian facilities may be located on local and collector roads which are not part of the federal-aid highway system. In addition, bicycle-related non-construction projects such as maps, coordinator positions, and encouragement programs are also eligible for STP funds.

Highway Safety Improvement Program (HSIP)

This program funds projects designed to achieve significant reductions in traffic fatalities and serious injuries on all public roads, bikeways and walkways. This program includes the Railway-Highway Crossings Program and the High Risk Rural Roads Program and replaces the Hazard Elimination Program from TEA-21.

Transportation Enhancements (TE)

Administered by WisDOT, this program is funded with dedicated STP funds. Ten percent of STP funds are designated for Transportation Enhancement Activities (TEAs), which includes the “provision of facilities for

pedestrians and bicycles, provision of safety and educational activities for pedestrians and bicyclists,” and the “preservation of abandoned railway corridors (including the conversion and use thereof for pedestrian and bicycle trails.” (23 USC Section 190 (a) (35)). The Local Transportation Enhancement Program provides funding for community-based projects that “expand travel choices and enhance the transportation experience by improving the cultural, historic, aesthetic and environmental aspects of our transportation infrastructure.” These programs are funded through the Statewide Multi-modal Improvement Program (SMIP).

WisDOT provides 80% reimbursement for project costs to project sponsors. Projects must provide a mode of transportation or make a facility more accommodating for pedestrians or bicyclists, be included in a local, regional or statewide plan, and include signing in bikeway projects for directions, permitted users and rules. These funds can be used to build a variety of pedestrian, bicycle, streetscape and other improvements that enhance the cultural, aesthetic, or environmental value of transportation systems. Projects must have a local government or state agency sponsor, and the statewide grant process is competitive.

Safe Routes to School (SR2S)

Under the SR2S Program, Federal funds are administered by WisDOT. The grants can be used to identify and reduce barriers and hazards to children walking or bicycling to school (70% to 90% of funds) or for non-infrastructure encouragement and education programs (10% to 30%). Eligible projects are fully funded with no local match requirement. One infrastructure and/or non-infrastructure application will be accepted, with three projects maximum that can be funded per school district. There is a \$250,000 funding limit for the total infrastructure project application and \$100,000 maximum for non-infrastructure projects.

Community Development Block Grants

The Community Development Block Grants program provides money for streetscape revitalization, which may be largely comprised of pedestrian improvements. Federal Community Development Block Grant grantees may “use *Community Development Block Grants funds for activities that include (but are not limited to): acquiring real property; reconstructing or rehabilitating housing and other property; building public facilities and improvements, such as streets, sidewalks, community and senior citizen centers and*

recreational facilities; paying for planning and administrative expenses, such as costs related to developing a consolidated plan and managing Community Development Block Grants funds; provide public services for youths, seniors, or the disabled; and initiatives such as neighborhood watch programs.”

Transportation, Community and System Preservation Program

The Transportation, Community and System Preservation Program provides Federal funding for transit-oriented development, traffic calming and other projects that improve the efficiency of the transportation system, reduce the impact on the environment, and provide efficient access to jobs, services and trade centers. The program is intended to provide communities with the resources to explore the integration of their transportation system with community preservation and environmental activities. The Transportation, Community and System Preservation Program funds require a 20% match.

State Funding Sources

Surface Transportation Programs-Urban (STP-U)

This program, operated at the Metropolitan Planning Organizational (MPO) level, allocates funding to complete improvements eligible for federal funding on urban highways. Traditionally, MPOs have used this funding to integrate bicycle and pedestrian improvements into larger roadway projects. This program operates on a two-year funding cycle.



A winter art bike on display

Highway Safety Improvement Program

Formally known as the Hazard Elimination Program, this program targets projects in areas that have a documented history of previous crashes. Bicycle projects are eligible for this funding source.

Bicycle And Pedestrian Facilities Program (BPFP) And STP-Discretionary (STP-D) Programs

Funded as under the Statewide Multi-modal Improvement Program (SMIP), the BPFP and STP-D address projects falling into 12 categories. Typically, bicycle and pedestrian programs account for nearly 2/3 of the funding awarded. The STP-D program funded projects are designed to reduce single occupancy vehicle trips while the BPFP projects generally focus on bicycle planning related activities, such as bicycle and pedestrian facilities that foster alternatives to single-occupancy vehicle travel. Since 1993, \$72.3 million in Federal funds have been committed to 320 projects through SMIP-related programs.

Potential Local Funding Sources

In addition to these potential State and Federal funding sources, the city of Milwaukee should consider allocating funding for bicycle infrastructure and programs as part of the annual city revenue stream. This funding could come through many sources, including a dedicated allotment from the General Fund, local sales tax, or other funding mechanisms. The following are potential sources of local bicycle funding.

Tax Increment Financing/Urban Renewal Funds

Tax Increment Financing (TIF) is a tool to use future gains in taxes to finance the current improvements that will create those gains. When a public project (e.g., sidewalk improvements) is constructed, surrounding property values generally increase and encourage development or redevelopment in the area. The increased tax revenues are then dedicated to finance the debt created by the original public improvement project. Tax Increment Financing typically occurs within designated Urban Renewal Areas (URA) that meets certain economic criteria and are approved by a local governing body. To be eligible for this financing, a project (or a portion of it) must be located within the URA. The city of Milwaukee has used TIF financing since its introduction in the state in 1975. As of 2007, the city created 69 TIF districts.

Transportation User Fees

Transportation user fees are any group of additional fees that could be used to fund maintenance and improvement projects for non-motorized uses. Properties would be assessed fees based on the traffic generation by land use or business activity as published in the Institute of Transportation Engineers (ITE) Trip Generation Manual.

The fee could be a Street Maintenance Fee to fund maintenance of the existing roadway system to free up dollars from the state gasoline tax for capital projects.

Local Bond Measures

The city could issue bonds to fund bicycle improvements. This would spread the cost of the improvements over the life of the bonds. Certain types of bonds would require voter approval. The debt would have to be retired, so funding for repayment on the bond and the interest would be required. A bond issued in Denver, Colorado funded \$5 million for trail development and also funded the city's bike planner for several years. The city of Albuquerque, New Mexico and Bernalillo County have a five percent set-aside of street bond funds for trails and bikeways. This has amounted to approximately \$1.2 million for the city every two years.

Street User Fees

The city of Milwaukee could administer street user fees through residents' monthly water or other utility bills. The revenue generated by the street user fee is used for operations and maintenance of the street system, and priorities are established by the Public Works Department. Revenue from this fund could be used to maintain on-street bicycle and pedestrian facilities, including routine sweeping of bicycle lanes and other designated bicycle routes. Additionally, this type of fee may free up more general fund money for off-street projects. Implementation of street user fees would require a public vote.

Local Gas Tax

Milwaukee could use revenues from a local gasoline tax to provide for on-street bikeways and shared use path improvements. Such a tax would likely require voter approval, which is an uncertainty, especially with the ever increasing costs of gas. However, once established the tax would be a relatively stable funding source for improvements.



A family getting ready for a ride home

Sales Tax

Bicycle and pedestrian projects can be funded by a portion of local sales tax revenue or from a voter-approved sales tax increase. This approach has been used successfully in several states. For example, much of the Pinellas Trail system was built with a portion of a one cent sales tax increase voted in by residents of Pinellas County, Florida.

TOPS-Style Sales Tax

Trails, Open Space and Parks (TOPS) is the process used by the city of Colorado Springs to administer an ordinance passed by voters in April of 1997. The ordinance authorized a 1/10 of one percent sales tax that generates about \$6 million annually for trails, open space and parks.

The process, administered by the Parks and Recreation Department of Colorado Springs, provides for the prudent acquisition, development and preservation of Trails, Open Space and Parks (TOPS) in the Pikes Peak region. More information on the TOPS program, including maps of trails, open space and parks, as well as funding of projects is available at the TOPS web site. To fund a project, an application is submitted to the City of Colorado Springs. Implementation of a TOPS-style Sales Tax would require a public vote.

Property Tax Levy

A specific property tax levy can be implemented to fund transportation projects. Seattle, Washington is receiving \$5 million a year for nine years for bicycle and pedestrian projects as a result of a levy (property tax)

approved by voters in 2006. Such a levy would generally have to be placed on an election ballot as a referendum.

Bike Tax

The city of Colorado Springs has a \$4.00 per bike tax to provide funding for bikeway improvements. The tax generates nearly \$100,000 annually and has been used for both on- and off-street projects. It is used primarily to provide a local match for other grants such as the Colorado State Trails Program or SAFETEA-LU grants. A bike tax is an annual fee; implementation would require a public vote.

RCW Chapter 35.75 of Washington State law clarifies legal interpretation and uses of such funds:

RCW 35.75.030 - Every city and town by ordinance may establish and collect reasonable license fees from all persons riding a bicycle or other similar vehicle within its respective corporate limits, and may enforce the payment thereof by reasonable fines and penalties.

RCW 35.75.050 - The city or town council shall by ordinance provide that the whole amount or any amount not less than seventy-five percent of all license fees, penalties or other moneys collected under the authority of this chapter shall be paid into and placed to the credit of a special fund to be known as the "bicycle road fund." The moneys in the bicycle road fund shall not be transferred to any other fund and shall be paid out for the sole purpose of building and maintaining bicycle paths and roadways authorized to be constructed and maintained by this chapter or for special police officers, bicycle tags, stationery and other expenses growing out of the regulating and licensing of the riding of bicycles and other vehicles and the construction, maintenance and regulation of the use of bicycle paths and roadways.

Developer Impact Fees

Another potential local source of funding is developer impact fees, typically tied to trip generation rates and traffic impacts produced by a proposed project. A developer may reduce the number of trips (and hence impacts and cost) by paying for on- and off-site bikeway improvements that will encourage residents to bicycle rather than drive. Establishing a clear nexus or connection between the impact fee and the project's impacts is critical in avoiding a potential lawsuit.

Business Improvement Districts

Pedestrian improvements can often be included as part

of larger efforts aimed at business improvement and retail district beautification. Business Improvement Districts collect levies on businesses in order to fund area-wide improvements that benefit businesses and improve access for customers. These districts may include provisions for pedestrian and bicycle improvements, such as wider sidewalks, landscaping, and ADA compliance.